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FISCAL IMPACT STATEMENT

LS 6111

BILL NUMBER: SB 35

NOTE PREPARED: Jan 29, 2010

BILL AMENDED: Jan 28, 2010

SUBJECT: State Administration.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Department of Correction (DOC)*- The bill increases the maximum amount for the Department of Correction to use employee or inmate labor from \$100,000 to \$500,000;

Department of Administration (IDO)- The bill permits the Department of Administration to use electronic signatures from all contracting parties using an electronic method that does not comply with Indiana's electronic signature act, if the method allows the contracting party to read the terms of the contract before accepting them and to manifest the party's agreement to the contract by clicking an "ok" or "agree" button or not accept the terms of the contract by clicking on a "don't agree", "cancel", or "close window" button; provides that the Department of Administration is not required to obtain a property appraisal for a property that is sold using a public auction or public sealed bid procedure;

Horse Racing Commission- The bill eliminates the requirement to submit fingerprints to the Horse Racing Commission every five years and requires the Commission to coordinate with the State Police Department for storage of fingerprints;

Family and Social Services Agency- Alzheimer's Disease: The bill eliminates the Alzheimer's disease and related senile dementia programs and eliminates the Alzheimer's and dementia special care disclosure by a health facility that provides or offers Alzheimer's and dementia special care;

CHOICE Board- The bill also eliminates the requirement for the Community and Home Options to Institutional Care for the Elderly and Disabled Board (CHOICE Board) to conduct an annual conference on the problems of the aging and the aged; repeals the requirement that the CHOICE Board meet at least six times each year;

Infants and Toddlers with Disabilities Program: The bill increases the maximum monthly cost share amount for services under the Infants and Toddlers with Disabilities Program;

Department of Natural Resources- The bill removes the 50% limitation on using the lifetime hunting, fishing, and trapping license trust fund for land purchases;

Board of Animal Health- The bill also provides for flexible scheduling of meat and poultry inspections by the Board of Animal Health;

Deaf School and Blind School- The bill permits the board for the Deaf School and Blind School to prescribe, subject to the approval of the State Personnel Department and the Budget Agency, a salary schedule for the school without having to make the daily rate of pay for a teacher equal to that of a teacher at the Indianapolis Public Schools.

The bill also repeals corresponding definitions and cross-references.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures: *Alzheimer's Disease and CHOICE Board Provisions:* Elimination of the following items are expected to result in cost savings of approximately \$7,500 per fiscal year in expenditures and about 180 hours in staff time:

- the Alzheimer's disease and related senile dementia programs and the Alzheimer's and dementia special care disclosure by a health facility that provides or offers Alzheimer's and dementia special care;
- the requirement for the CHOICE Board to conduct an annual conference on the problems of the aging and the aged; and
- the requirement that the CHOICE Board meet at least six times each year;

(Revised) *Infants and Toddlers with Disabilities Program:* FSSA estimates the increase in the monthly copayments would result in an additional \$108,000 in annual cost participation, thus reducing costs to the program. This amount is applied to the cost of the services reimbursed under the First Steps Program.

Department of Correction- The provision that increases the maximum amount for the DOC to use employee or inmate labor from \$100,000 to \$500,000 applies only to projects involving rehabilitation, extension, maintenance, construction, or repair of any facility under the control of the DOC. The DOC indicates that offenders would likely be able to complete at least three projects each year involving roofing, masonry, and plumbing.

Department of Administration- Electronic Signatures: Currently, the electronic signature act requires a digitized signature. Allowing an electronic method provided in this bill will assist in making all contracts processed electronically rather than manually, which may result in a more efficient process.

Property Appraisals for Property Sold By Public Auction or Public Sealed Bid Procedure: The bill provides that the IDOA is not required to obtain a property appraisal for a property that is sold using a public auction or public sealed bid procedure. From June 2006 to July 2009, IDOA spent \$48,905 on 42 appraisals, roughly \$1,000 per transaction (excluding Department of Transportation (INDOT)) properties. At this time, IDOA is working on sales of 17 properties, with 9 of them from INDOT.

Horse Racing Commission- The bill eliminates the requirement that persons licensed by the Indiana Horse Racing Commission (IHRC) to participate in pari-mutuel horse racing must submit their fingerprints to the IHRC every five years. The bill also requires the IHRC to coordinate with the State Police Department for storage of fingerprints submitted by such licensees. These licensees include horse owners, horse trainers, jockeys, racetrack employees, racetrack management, pari-mutuel clerks, employees of vendors, and others participating in pari-mutuel racing. In 2008, the IHRC issued 9,544 licenses to pari-mutuel racing participants. The bill is expected to result in an indeterminable administrative savings to the IHRC.

Department of Natural Resources- The bill removes the 50% limitation on using the Lifetime Hunting, Fishing, and Trapping License Trust Fund for land purchases. Under current law, the DNR may use money in the fund to acquire real property that will be used and managed for hunting and fishing. Currently, however, the money from the fund may not exceed 50% of the appraised value of real property, which means that the remaining 50% must be obtained from other sources. Removing the 50% limitation could result in the DNR being able to use the Trust Fund to purchase land for hunting and fishing without having to rely on other sources. As of January 14, 2010, the balance in fund was \$17 M.

Board of Animal Health (BOAH)- Under existing federal law, the BOAH must be present during the slaughter of animals for human consumption. Additionally, a BOAH inspector must be present for a specific length of time when animals are processed. Currently, the slaughterhouse determines when it will slaughter or process, and the BOAH is required to be there. Under the proposal, the BOAH would have more authority to arrange the schedule. This provision could allow the BOAH to use its staff more efficiently, which could reduce expenditures. However, the specific impact is unknown

Deaf School and Blind School- Permitting the board for the Deaf School and Blind School to determine the salary schedule for teachers subject to the approval of the State Department of Personnel and the Budget Agency will depend upon the actions of the boards and could result in a reduction of expenditures or an increase, depending upon the schedule adopted for the teachers. Currently, teachers at the schools are required to be paid at the same daily rate as a teacher at the Indianapolis Public School Corporation.

Background Information: As of January 3, 2010, the Blind School had 69 teachers, 61 of whom were full-time employees, while 8 were substitute teachers. The total amount paid was about \$5.23 M.

The Deaf School had 109 teachers, 104 of whom were full-time employees, while 5 were substitute teachers. The total amount paid was about \$6.51 M. The average salary was about \$61,514.

Explanation of State Revenues: *Board of Animal Health.* The bill could reduce expenses for the inspection program. The inspection program is funded through a state-federal match. As the expenses for the program decline, so will federal revenue. For FY 2009 and for FY 2010, the state appropriated \$1.8 M for the program for each of the two years.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DNR; IHRC, Indiana State Police; IDOA; FSSA; BOAH; DOC.

Local Agencies Affected:

Information Sources: Chris Smith, Legislative Liaison, DNR, 317-233-6904; Connie Smith, IDOA, 317-233-1484; Kevin Orme, Director of Construction Services, DOC; 317-232-1195; Jessaca Turner-Stults, Legislative Liaison , FSSA.

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